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RUEHBUL/AMEMBASSY KABUL PRIORITY 0511
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RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0567
RUEHNT/AMEMBASSY TASHKENT PRIORITY 5019
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RHEFDIA/DIA WASHINGTON DC//DHO-2/REA/NMJIC-J2// PRIORITY
RUEKJCS/JOINT STAFF WASHINGTON DC//J5/RUE// PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000056

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SUBJECT: SCA DAS FEIGENBAUM MEETS ASHGABAT BUSINESSMEN ON
POST-NIYAZOV SCENARIOS

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Classified By: Charge d'Affaires, a.i. Jennifer L. Brush for reasons 1.
4 (B) and (D).

11. (SBU) SCA Deputy Assistant Secretary Evan Feigenbaum got the up-close private-sector view of Turkmenistan's latest events over summer on January 10 with seven long-time expatriate business executives, most from the oil and gas sector. Pre-dinner discussion included gossip about the actual time of Niyazov's death. Guests concurred that the subsequent transition process was choreographed with remarkable smoothness for such an abrupt event, making many wonder if President Saparmurat Niyazov's death was for a while hushed up. However, one invitee reported that Niyazov's son Murad, as well as Murad's two children, had been on his flight to Dubai on December 19, i.e. just two days prior to the death announcement, implying that the news could have been withheld for, at most, a matter of hours. (Our source, who has worked in Turkmenistan for 13 years, asserts that Murad currently divides his time between Dubai and Moscow.)

12. (SBU) Several of the executives complained that their operations had encountered visa or border-closure problems in the days after Niyazov's demise. That apart, all agreed the general atmosphere had remained strikingly unchanged and relaxed throughout Ashgabat. Within the country, writ large, there have been no step-up in new edicts, police presence on the streets, or other security steps. Likewise, there was consensus that financial payments have remained as satisfactory as they have been since the improvement last autumn after Russia's agreement to boost to \$100 the price it pays for Turkmenistan's gas.

13. (SBU) The executives unanimously believed that post-Niyazov atmospherics so far bode modestly well for Turkmenistan's business future. The EBRD resident noted, however, that for all the lip-service from presidential

candidates of new support for small and medium businesses, there was no word or hint yet about reforming Turkmenistan's distorted exchange-rate policy, which would be necessary for any effective reform of the agricultural sector, in his view.

All thought the February 11 presidential vote would be a predestined landslide for Acting President Berdimukhammedov.

14. (SBU) The pessimistic outlier was the EBRD representative. He forecast that the political calm would continue for a year or two but that instability was inevitable, longer-term, simply because of the mammoth quantity of cash up for grabs by Turkmenistan's elite. He did not see control over the rumored billions of dollars held in the Deutsche Bank-based Presidential Fund as a factor likely to lead to instability. That fund has always been officially acknowledged (unlike the stolen billions in secret offshore accounts of other heads of state), also Deutsche Bank adheres to gold-standard international accounting, and thus any corruption takes place before the money reaches the bank.

15. (SBU) Other business-specific items:

-- None of the other oil/gas executives demurred when one of them spoke of the Trans-Caspian Pipeline's time as having passed for the foreseeable future. It was a pity the project had failed when so close to agreement in the late 1990's, but now Azerbaijan, with Shah Deniz production, has less incentive to commit; nor is it obvious that Kazakhstan sees itself as having a major interest in the TCP;

-- The Turkish construction company Gap Insaat executive described the government of Turkmenistan as eager to complete currently-underway projects. He said previous discussion with officials of future luxury projects has been superseded

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by a new government interest in designs for medical and school buildings outside Ashgabat;

-- Gap Insaat's representative asked embassy's impression of the future of his French rival, Bouygues. (Note: Over the past dozen years Bouygues has made a fortune in local construction contracts as a special Niyazov favorite, but rumors are that their margins were too egregious even in that context and that the new leadership will now look to clip them in the back. End Note). The Turk also made a direct pitch to DAS Feigenbaum about U.S. companies' taking greater interest in Turkmenistan, e.g., via joint ventures with Turkey's Chalyk Energy or one of its divisions acting locally in textiles or construction.

-- The Maersk country rep confirmed a January 8 United Press International report that Maersk has agreed to the sale of two offshore blocks in the Caspian to India's Oil and Natural Gas Corporation Videsh Ltd. The sale must be approved by the government of Turkmenistan, which has unsurprisingly put it on hold until after the new president assumes office, said the Maersk representative.

16. DAS Feigenbaum has cleared this message.
BRUSH